



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 19-32]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense.

ACTION: Arms sales notice.

SUMMARY: The Department of Defense is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT: Karma Job at karma.d.job.civ@mail.mil or (703) 697-8976.

SUPPLEMENTARY INFORMATION: This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 19-32 with attached Policy Justification and Sensitivity of Technology.

Dated: June 12, 2019.

Aaron T. Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 203
ARLINGTON VA 22202-5408

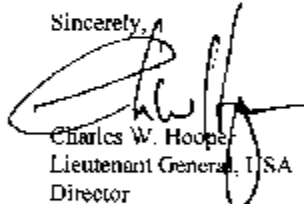
MAY 16 2019

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-209, The Capitol
Washington, DC 20515

Dear Madam Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 19-32 concerning the Navy's proposed Letter(s) of Offer and Acceptance to the Government of Canada for defense articles and services estimated to cost \$387 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,



Charles W. Hooper
Lieutenant General, U.S.A.
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology

Transmittal No. 19-32

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Government of Canada

(ii) Total Estimated Value:

Major Defense Equipment*	\$288 million
Other	<u>\$ 99 million</u>
TOTAL	\$387 million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE):

Four hundred twenty-five (425) MK 54 Lightweight Torpedo Conversion Kits

Non-MDE:

Also included are torpedo containers, Recoverable Exercise Torpedoes (REXTORP) with containers, Fleet Exercise Section (FES) and fuel tanks, air launch accessories for fixed wing, torpedo spare parts, training, publications, support and test equipment, U.S. Government and contractor engineering, technical, and logistics support services, and other related elements of logistics and program support.

(iv) Military Department: Navy (CN-P-AMP)

(v) Prior Related Cases, if any: CN-P-APR

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex.

(viii) Date Report Delivered to Congress: May 16, 2019

*As defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Canada - MK 54 Lightweight Torpedoes

The Government of Canada has requested to buy four hundred twenty-five (425) MK 54 lightweight torpedo conversion kits. Also included are torpedo containers, Recoverable Exercise Torpedoes (REXTORP) with containers, Fleet Exercise Section (FES) and fuel tanks, air launch accessories for fixed wing, torpedo spare parts, training, publications, support and test equipment, U.S. Government and contractor engineering, technical, and logistics support services, and other related elements of logistics and program support. The total estimated program cost is \$387 million.

This proposed sale will support the foreign policy and national security objectives of the United States by helping to improve the military capability of Canada, a NATO ally that is an important force for ensuring political stability and economic progress and a contributor to military, peacekeeping and humanitarian operations around the world.

Canada intends to upgrade its current inventory of MK 46 torpedoes to the MK 54 with the purchase of these kits. The MK 54 torpedo is designed to be easily upgraded from the existing MK 46 torpedo. Canada plans to utilize MK 54 Lightweight Torpedoes on its Royal Canadian Navy's Halifax class ships, the Royal Canadian Air Force's CP-140 Aurora Aircraft, and the CH-148 Maritime Helicopters. Canada will have no difficulty absorbing this equipment into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractor for the MK 54 Torpedo is Raytheon Integrated Defense Systems, Portsmouth, Rhode Island. The Government of Canada is expected to negotiate an offset agreement with Raytheon, in accordance with Canada's Industrial and Technological Benefits (ITB) Policy, before signing the Letter of Offer and Acceptance (LOA).

Implementation of this proposed sale will not require the assignment of additional U.S. Government or contractor representatives to Canada. However, it is anticipated that engineering and technical support services provided by the U.S. Government may be required on an interim basis for training and technical assistance.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 19-32

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act

Annex
Item No. vii

(vii) Sensitivity of Technology:

1. The MK 54 Torpedo is a conventional torpedo that can be launched from surface ships, and rotary and fixed wing aircraft. The MK 54 is an upgrade to the MK 46 Torpedo. The upgrade to the MK 54 entails replacement of the torpedo's sonar and guidance and control systems with modern technology. The new guidance and control system uses a mixture of commercial-off-the-shelf and custom-built electronics. The warhead, fuel tank and propulsion system from the MK 46 torpedo are re-used in the MK 54 configuration with minor modifications. There is no sensitive technology in the MK 54 or its support and test equipment. The assembled MK 54 torpedo and several of its individual components are classified CONFIDENTIAL. The MK 54 operational software is classified as SECRET. Canada has not requested nor will it be provided with the source code for the MK 54 operational software.
2. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures or equivalent systems which might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.
3. A determination has been made that Canada can provide substantially the same degree of protection for the technology being released as the U.S. Government. This sale supports the U.S. foreign policy and national security objectives as outlined in the Policy Justification.
4. All defense articles and services listed in this transmittal have been authorized for release and export to Canada.